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## Papua LNG Project Gas Agreement signed

(ASX: OSH | ADR: OISHY | POMSx: OSH)

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9 April 2019

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Total SA, operator of the Papua LNG Project, ExxonMobil and Oil Search have signed a Gas Agreement with the Independent State of Papua New Guinea, defining the fiscal framework for the Papua LNG Project.

Commenting on the signing, Peter Botten, Oil Search's Managing Director, said:

*"This is a major milestone for the Papua LNG Project. We believe the fiscal and other terms of the Gas Agreement equitably allocate Project benefits and returns to the State, the Project participants and other stakeholders. The Papua LNG Gas Agreement includes the following:*

- *A Domestic Market Obligation (DMO), which will provide gas for sustainable future domestic usage. Oil Search is highly supportive of increased use of gas within PNG to assist in building local industry as well as the generation of power.*
- *A deferred payment mechanism for the State's payment of past costs, easing the financial burden associated with the State's acquisition of its equity interest in the Papua LNG Project.*
- *National Content to support local workforce development, involvement of local businesses and socio-economic development of the communities impacted by the Papua LNG Project.*

*The signing of this important agreement will allow all Papua LNG Project parties to proceed with confidence into Front End Engineering and Design (FEED) related activities, commencing with contractor selection and engineering contracting. In addition, the PRL 15 Joint Venture has reached alignment on a suite of agreements which will support the Papua LNG Project taking the next step towards development, including those related to PNG LNG Project site and facility access.*

*Oil Search's focus will now move to working with PRL 3 operator, ExxonMobil, and the State to close out an agreement with the State for the development of the P'nyang field and the commencement of the FEED phase for the proposed three-train integrated development at the PNG LNG plant site. This will also include FEED for the Associated Gas Expansion (AGX) Project, operated by Oil Search. FEED is expected to result in a Final Investment Decision in 2020, which will ensure that first production from our new, globally competitive, LNG trains is available in 2024."*

**Equity Participation**

	<b>Pre-Government and landowner back-in</b>	<b>Post-Government and landowner back-in</b>
<b>PRL 15 (Papua LNG)</b>		
Oil Search	22.8%	17.7%
Total	40.1%	31.1%
ExxonMobil	37.1%	28.7%
Government and landowners	-	22.5%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

**PETER BOTTEN, AC, CBE**

Managing Director

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